

CORRECTED FISCAL NOTE

SB 2997 – HB 4135

March 11, 2008

SUMMARY OF BILL: Requires the Tennessee Higher Education Commission (THEC) to promulgate rules for the regulation of postsecondary education lending and requires compliance by any covered institution authorized to operate in this state. Requires THEC to investigate any potential violation and to report the number of such violations to the General Assembly with recommendations as to legislation that would aid in preventing educational loan abuse. Such violation is a Class A misdemeanor punishable by fine only up to \$10,000.

ESTIMATED FISCAL IMPACT:

On January 30, 2008, we issued a fiscal note indicating *a not significant increase in state expenditures, a not significant increase in local government revenue, and a not significant increase in local government expenditures*. Based on additional information from the Tennessee Student Assistance Corporation (TSAC), the estimated fiscal impact of this bill is:

Increase State Expenditures – \$140,000

Increase Local Revenue - Not Significant

Increase Local Expenditures – Not Significant

Assumptions:

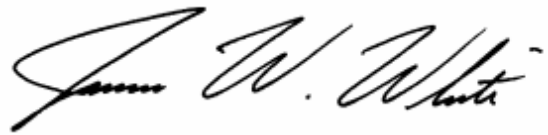
- According to TSAC additional responsibilities would be imposed on Tennessee public and private postsecondary institutions, lenders and guarantee agencies to include receipt of gift limitations, training costs, advisory board participation guidelines, and creation of preferred lender lists.
- According to TSAC approximately 150 schools would need to be trained, reviewed, and reported regularly. TSAC estimates the additional responsibilities would require two full-time staff positions to administer these additional processes. (This estimate assumes that TSAC would be the proper agency to perform the duties set out in the bill.)
- Increased state expenditures of \$140,000 for two staff positions include: salaries and benefits (\$89,600), travel (\$24,000), printing and communications (\$4,400), rent (\$10,000), and supplies (\$12,000).

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- There will not be a sufficient number of prosecutions for local governments to experience any significant increase in revenue or expenditures.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a more stylized, connected manner to the middle initial "W." and the last name "White".

James W. White, Executive Director

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